

## “The power of HR analytics- Transforming HR in India”

By

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### Abstract

With new developments in data-driven analytics, it has become very important to have capable employees working in the organization and the outcome in effective result oriented enormous datasets, strategic planning has become comprehensive for business units, and also for the HR function. Many organizations have adopted HR analytics to channelize decision making and process and strategy development processes.

The new aspects opened by HR analytics are suitable to HR processes such as training and development, recruitment, attrition risk management, and manpower planning. This paper highlights how HR analytics can help HR managers to identify and examine the problems related to these processes. The paper also throws light on how HR challenges can be addressed by making use of HR analytics.

Today, the environment in most organizations is global, multifarious, vibrant, highly competitive and extremely unpredictable and this trend will probably continue in coming time. Many organizations are facing global challenges related to talent flow, engagement, development and retaining of employees.

**Keywords:** HR analytics, Big Data, Human Resource, Human resource Processes

**Introduction:** HR analytics is nothing but an application of business analytics techniques and data mining. It helps to understand and perform HR functions like recruitment, training, retention, performance measure and engagement. “The future of HR is going to involve analytics. It has to. The entire world is focused on data, data source and the analytics and insights you can get from it” Jonathan Ferrar –VP Smarter Workforce .The HR executives will now have to take important HR decisions that are based on reports generated and correlate the business data and HR related

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data so as to forecast the outcome.

HR Analytics will ensure establishing statistical data relationship with Human Resource processes and in achieving organizational goal. This relationship will help HR executives to review the outcome of decisions made and develop strategies. This is a most significant shift in processes, use of data and decision making.

The organizations that consider their personnel as the most valued asset, HR analytics and techniques are the need of hour. The organizations that make use of HR analytics to give the HR leaders a visibility into talent acquisition data have the most effective and efficient workforce, they are productive even in difficult conditions. Every business organization is looking for cost cutting, increasing profits & maximizing efficiency.

Organizations also focus on strategic plans to sustain, to stay agile, to be profitable and grow. The HR functions plays a vital role to support the business with skilled manpower it needs, due to various constrains like time and budget. The biggest challenge a company faces when it plans to launch a new line of services or products is attracting the right people for the job in time for implementation.

Similarly, businesses bear explicit and implicit costs when talent exits the organization. It is worse when employees quit soon after participating in an expensive training sessions sponsored by the organization.

### **Workforce administration-Talent acquisition and resource management**

- To obtain good talent To decide profiles are right for the job description?
- How to pull out high-employee value? How to hold (retain)

and connect our employee talent?

- How to administer capacity optimally?
- How to trim down employee fraud threat to guard the brand image of the organization?

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- How do we leverage social network data to ensure employee-centric human resources operations?

### **Learning and Performance**

- How to increase superior value from our training programs?
- How do we select the right employees for training?

**Problem statement:** CHROS (Chief human resource officers) study states that next big investment in coming years is in HR analytics.

11% of organizations in India are contented with the current level of talent analytics, 24% are satisfied with the current level of manpower planning in their respective organization. These findings are element of the 2018 ‘State of Talent Analytics in India’ study by Willis Towers Watson (NASDAQ: WLTW). Deloitte Human Capital Trends 2016 explains that 86% of business leaders are enormously worried about retention and engagement, more than 84% about current personnel skills and 89% about leadership.

Tools like LinkedIn, Glassdoor, and others, skilled professionals can find jobs easier than ever as the average worker now changes jobs every 4.4 years. Only-11-percent-organisations-in-India-are-satisfied-with-the-current-level-of-talent-analytics organisations-in-India-are-satisfied-with-the-current-level-of-talent-analytics

### **Literature Review:**

HR analytics is the systematic identification and quantification of the people drivers of business outcomes (Heuvel & Bondarouk, 2016).

Drivers of HR analytics Even before looking in to solutions of HR analytics recognizing data and human behaviour is more important. As stimulus that compels behaviour are intangible—and cannot be quantified. That said, one can get surprisingly better insights should one have access to

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longitudinal data.

Having time series data, as it gives results ,we can have a better attempt to solve the problem. The data generation continues as long as the employee is active in the organization and access to the data is not an issue. Statistical tools and techniques can be adapted to address employee behaviour pattern over the time.

While few HR problems that currently do not have a satisfactory solution within the existing management practices, HR department can address many issues with data driven solutions. Profiling and Segmentation can be carried out to separate groups of employees with related metrics. Identifying associates of ‘similar’ employees replicate common performance drivers, each group can be explored with heat –maps to understand the basic fundamental of the related segments. The response derived from this segmentation can be further utilized and applied to hire new workforce.

Also answer questions like; how long the employee is likely to stay with the organization. Performance prediction is also important for the HR function, especially for large enterprises with wide number of stake holder’s anticipation that any misalignment in the performance can have very big impact on the business. So prediction of performance becomes necessary for long term planning.HR mangers can use predictions in resourceful ways.

For example if there is a large gap between the performance and the targets given to the employees then the gap can be filled by using other instruments such as advertising, sales incentives, promotion etc. Employee turnover is a costly to the owners and can have negative organization culture, loosing well performing employees, which is a concern.

Higher employee attrition rate leads to increase in costs like: new recruitment, elevating compensation levels, loss in productivity. So predictive models can help out in searching and identifying those who are likely to quit. ‘Design of Experiments’ is statistical tool that can be used to optimize the intervention programs to deliver lower employee churn.

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The waiting period between the issuing of offer letter and joining date can be reduced hence reducing the cost and money aspect. This kind of cascading impact especially in a role where the job is delivery oriented and revenue generating. In this case offer rejections can at times set back the business plan of the organization .

Hence predictive analytics solutions is able to recognize how likely the employee to leave the job and thus allowing the HR department to take necessary actions and follow-ups. If the organizations are sluggish in adopting the technology and analytics they may lag behind in the market place. The firma that consider employees not only as a individual but a very important resource to the organization that can be used for betterment and superior decision making. In order to optimize the HR capabilities organizations need to implement the technology solutions i.e HR analytics.

This is possible only by linking HR metrics with quantifiable results.

Example:-What qualities of a sales person makes him better and is able to make more revenues?

What is HR analytics?

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The HR division is most often, not actively invited to contribute in strategy planning and formulation, as the top level management finds it complicated to build a linkage between HR initiatives.

Here comes the role of HR analytics that makes a difference as it is able to create a single view of all relevant workforce and talent data and use of it that makes it possible to arrive at business driving processes and initiatives. Right from analyzing employee turnover or to optimize talent

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supply, analytics will provide a broader picture that decision makers need to improve and align their talent.

As a substitute of just compiling the data into monthly reports ,companies must find out a way in which the HR data can be effectively used and will impact better decision making. Integrating HR analytics with the overall initiative of the organization will give visible business results hence improve profitability, productivity and performance.

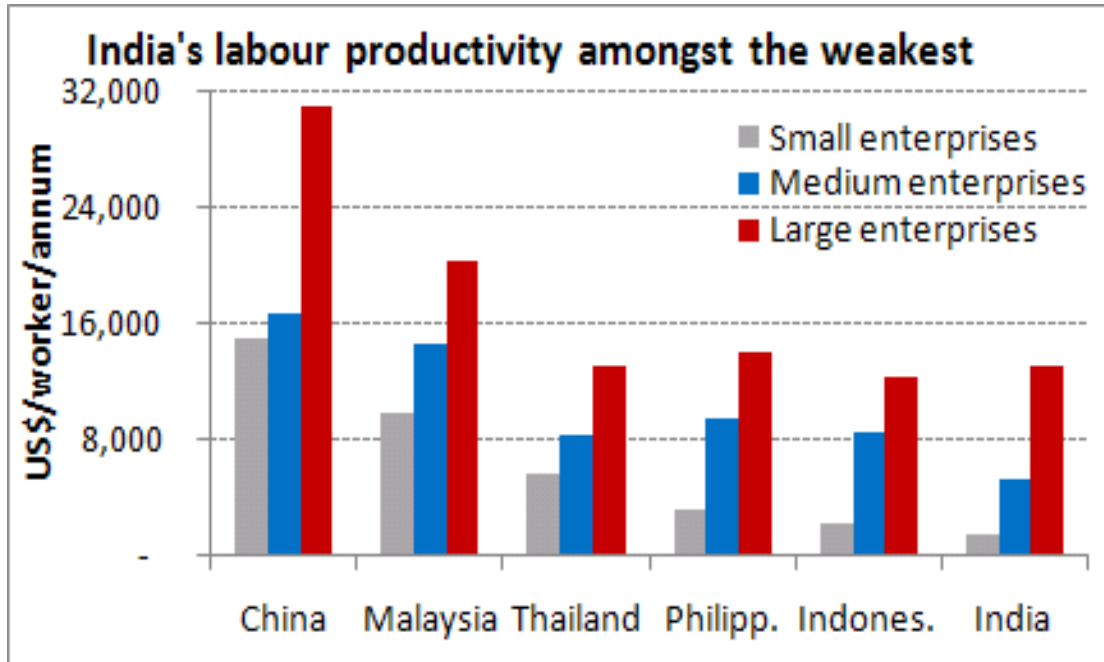
Its success lies in delivering the absolute and dedicated support of all business leaders across the organization. It also becomes important to align HR data with business data and the business managers should not only have access to the HR data but also should be able to use that data effectively. HR Analytics, also known as Talent Analytics, People Analytics or Workforce Analytics

**Objective of study:**

1. To study and understand the barriers of Talent Analytics.
2. To study and understand the labour productivity patterns in India.
3. To study the importance of HR analytics.

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### India's Labour Productivity:-



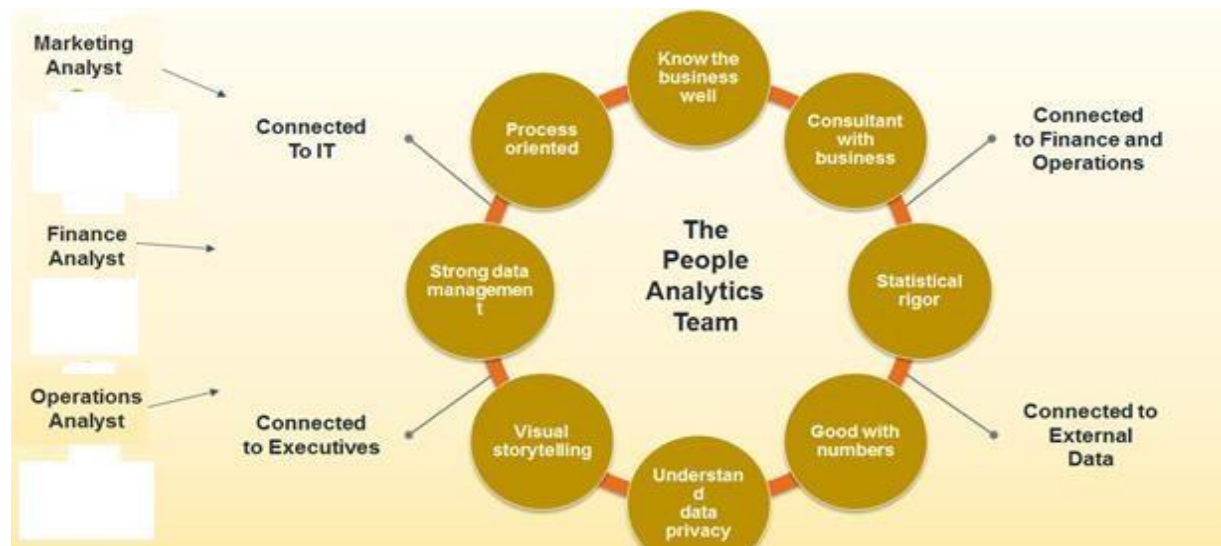
#### Data source: Asian Development Bank

A research carried out by Asian Development Bank says that India's Labor productivity is among the weakest. This helps us to understand, how important it is to have good talent, and to acquire good talent organizations must think of tools that will allow the companies to attract high quality workforce. In this age of technology driven organizations, HR analytics can play a very pivotal role.

#### Multidisciplinary Skills required

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HR Analytics certainly has annoyed the interest of companies in India.

In India as well as globally there is a obvious shift towards digitalization. So far it has been formation of digital platforms and a replacement of HR sub functions with digitalization. Automation has a direct effect on further need of HR analytics.

Even if many organizations are using digital platforms and irrespective of the level digitalization, they fall short of ability to carry out advanced analytics on their own.

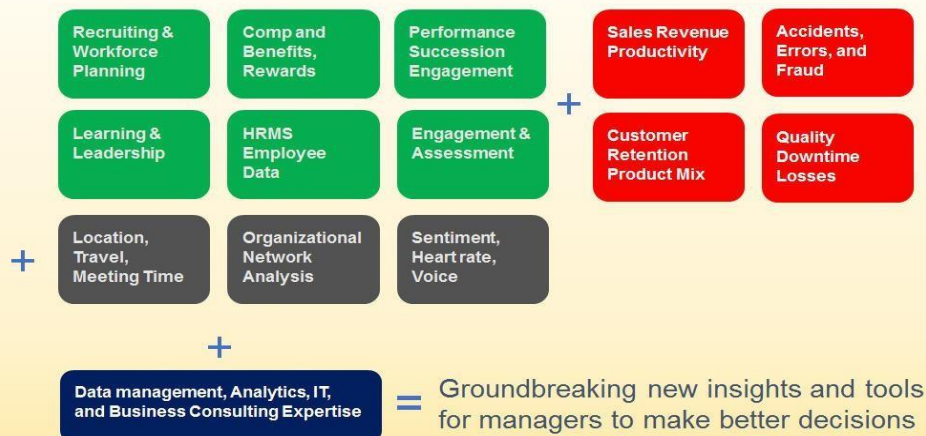
**EARLY ADOPTERS OF HR ANALYTICS:** The early adopters of HR analytics in India are from Finance, Retail, Healthcare, High-Tech and Manufacturing industries HR analytics is gaining a grip because of its capabilities in proving insights in talent acquisition and retention of employees.

About more than 50 percent of the companies in India are in process or are keen to implement and leverage HR analytics.

India are in process or are willing to implement and leverage HR analytics.

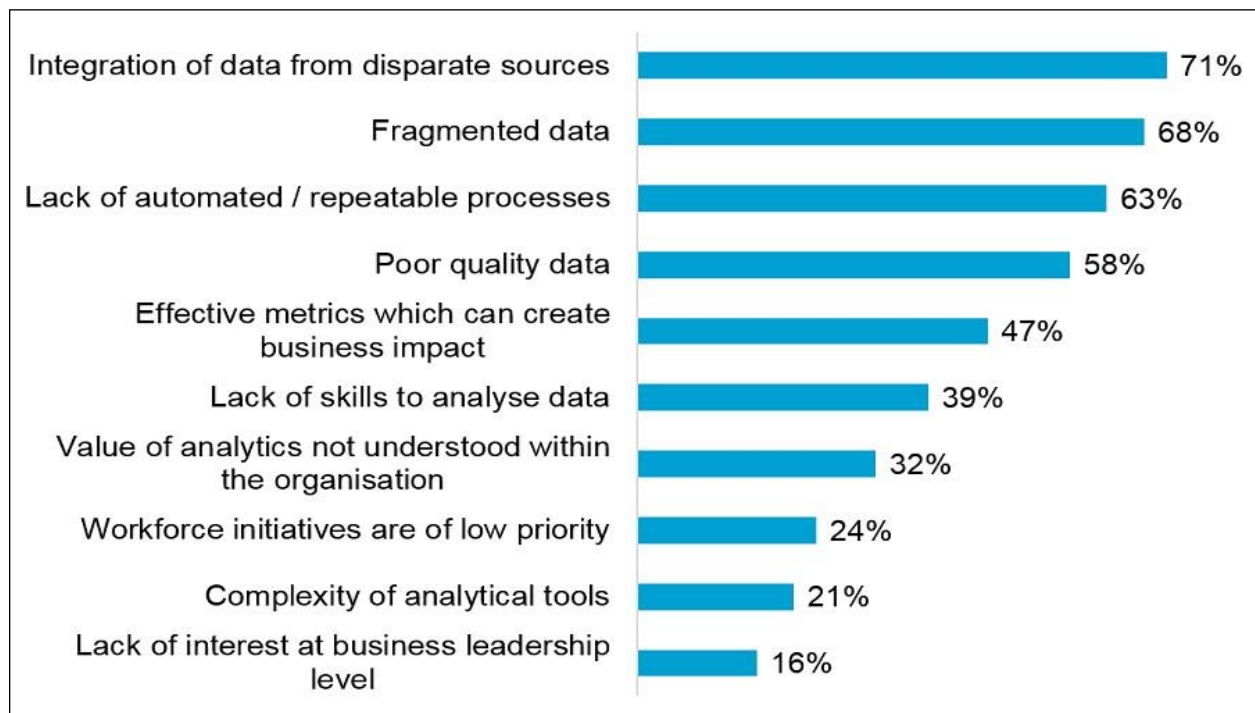
Defining People Analytics

## The context of people analytics has changed



### Redefining People Analytics (Bersin by Deloitte)

### Talent Analytics in India



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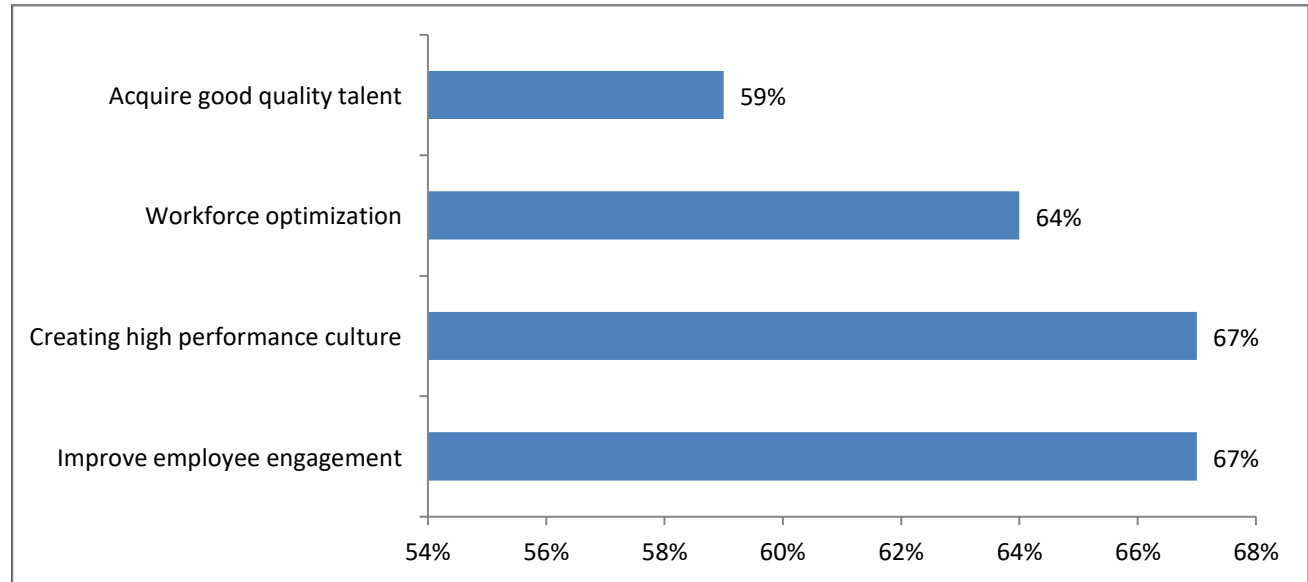
Source: **'State of Talent Analytics in India'** study by **Willis Towers Watson**

Employee records like age, academics qualifications , experience, trainings programs undertaken performance appraisal details are already available with the HR department. The role of HR analytics to make spontaneous, practical, planned, strategic decisions.HR analytics enables to combine internal data with external data to get the entire picture.

HR analytics makes possible in getting together the internal and external data and assist managers ask appropriate questions so that better decisions are taken.

1. It is useful to outline and identify reasons for high turnover
2. Why top talent is quitting at higher rate,?
3. How to increase and improve productivity of the team,
4. If there are skill gaps then how to fill those gaps.
5. How should a orientation program be like and its effectiveness.
6. To hire right people at the right place for a specific role.
7. Forecast and manage attrition rate.
8. What are the drivers: age, gender, country etc to the employees.
9. Is the performance appraisal system appropriate and reflects employee performance?
10. How to attract varied personnel?

### Barriers for effective implementation of talent analytics



Source: ‘**State of Talent Analytics in India**’ study by **Willis Towers Watson**

Analytics data required for analysis is already there within the organization. Performance level, past experience, demographic data, trainings undertaken, academic data age etc is already available with the HR department Source: ‘State of Talent Analytics in India’ study by Willis Towers Watson Even though India generates millions of graduates every year, even 80 per cent employability of this fresh out of college personnel is questionable.

As talent acquisition becomes a very important part of the organization, even if the organization is able manage and attract good talent i.e right people but maintaining them is a major challenge. Higher attrition can affect the company goals short as well as long term. Indian companies have growth targets, they have tough completion with multinationals and have to survive in competitive market and hence have to optimize their workforce.

### **What is Big Data?**

Big Data is the IT tools that are now available mean it is possible to analyze these data in real time to drive insights that when acted on can enhance business performance. Big data solutions are basically used to analyze huge data in real time to draw patterns and future decision making.

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In today's age of technology the kind of speed and accuracy is delivered by the devices that are used by organizations, that helps in faster decision making and prompt service. Organizations that have successfully implemented and deployed HR analytics have gained a lot of benefits. A research by Bersin by Deloitte in 2014, shows HR Analytics software market grew by 17% and is over \$5 billion in size. Vendors such as Oracle, IBM, SAP and Workday compete with more specialized players such as PeopleFluent, Talent Analytics, Saba, Visier and Cornerstone to deliver HR analytics software as a service. Powered by Watson Analytics, IBM Kenexa Talent Analytics allows HR managers to simply type in the system what they want to know and see from their talent data. The results are displayed in an easy format.

Saba's cloud-based Intelligent Talent Management solution uses machine learning that improves the way HR activities are carried out like hiring, developing, training, and engaging the workforce. The software solution comes with predictive potential to avoid unnecessary information and prioritize the most important and relevant information. HiQLabs uses external as well as internal data, or a combination of both for its predictive model.

### **Key Players in the HR Analytics**

A research by Bersin by Deloitte in 2014, shows HR Analytics software market grew by 17% and is over \$5 billion in size.

Vendors such as Oracle, IBM, SAP and Workday compete with more specialized players such as PeopleFluent, Talent Analytics, Saba, Visier and Cornerstone to deliver HR analytics software as a service. SAP offers SuccessFactors Workforce Analytics and SuccessFactors Workforce Planning. They help in predicting retention and provide extensive modelling capabilities for labour force planning.

Powered by Watson Analytics, IBM Kenexa Talent Analytics allows HR department professionals to just type in what they want to see from their talent data and the results are displayed as an easy-to-understand visualization. Saba's cloud-based Intelligent Talent

Management solution uses machine learning to develop the way HR professional hire, expand, engage and motivate people.

The solution comes with predictive analytics that prioritizes the most significant and appropriate information.

HiQLabs uses public data, internal company data, or a combination of both for its predictive models. Workday's on-demand HCM solution unifies HR and Talent Management into a single system-of-record to help decrease costs, increase operational visibility and systematize organization's for future shifts.

### **Limitations**

- The research study had been only done in area of recruitment and talent acquisition mainly other areas of HR analytics study was limited.
- Only Indian Scenario.

### **Conclusion:**

Conclusion: To play a more appropriate and tactical role in the organization, the HR function needs to move beyond simply reporting to precise forecast. It should not only generate reports but also must use HR analytics that will support strategic decision making to achieve organizational goals. HR analytics in HR will entail HR related costs but will also improve employee performance.

The results derived can help pick up business performance, employee satisfaction and employee engagement. HR managers will have to work together with other business units and customer-front functions to understand how they control data and analytics to create value. By doing so, HR department can make possible best employee experiences that lead to continual long-term

benefits for the organization.

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